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C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 000505

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SUBJECT: NATIONALISTS UP THE STAKES AHEAD OF PRESIDENTS'
MOSCOW MEETING

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YEREVAN 00000505 001.2 OF 002

Classified By: AMB Marie L. Yovanovitch, reasons 1.4 (b,d).

SUMMARY

¶1. (C) By calling for Foreign Minister Nalbandian's resignation, Armenia's nationalist Dashnak party has increased the stakes for Armenian-Azerbaijani negotiations on the Nagorno-Karabakh conflict set for July 17 in Moscow. The hard-line party held a widely-publicized conference in Stepanakert, capital of the self-proclaimed "Nagorno-Karabakh Republic," on July 11-12 where it called for a repudiation of the negotiating framework and the inclusion of "NKR" authorities in the negotiations. For their part, "NKR" officials demanded their inclusion and warned Yerevan against any concessions that would compromise "NKR" independence. This well-timed outburst of nationalistic sentiment may narrow President Sargsian's latitude for negotiating in Moscow or, according to conspiracy theories, may be a ploy orchestrated by Sargsian himself to enhance his negotiating position. END SUMMARY.

"ALL-ARMENIAN FORUM" OPPOSES N-K NEGOTIATIONS

¶2. (SBU) The nationalist Armenian Revolutionary Federation - Dashnakstutium party (Dashnaks) held a two-day conference in the Nagorno-Karabakh capital of Stepanakert on July 11-12, where it made known its strident opposition to current efforts at Turkey-Armenia rapprochement and settlement of the N-K conflict. The conference served as a forum for Armenians, Karabakhis, and Diaspora Armenians to voice their concerns and opposition to the two processes, in particular the ongoing N-K negotiations between Armenia and Azerbaijan, which are rumored to be on the verge of a significant breakthrough set to take place in Moscow on July 17.

¶3. (SBU) In the final resolution passed at the conference, participants called on Armenian President Serzh Sargsian to reject agreement with Azerbaijan on the negotiations' "Basic Principles," since they envision an indefinite delay in the determination of N-K's final status. They also called for the inclusion of the "NKR" in the negotiations as an equal party to Armenia and Azerbaijan. Reportedly over 120 Armenian leaders -- political, academic, religious, business, and civil society -- from 25 countries attended the conference. Former Foreign Minister Vartan Oskanian was one of those who joined the Dashnak and "NKR" leadership at the conference. (NOTE: An increasingly vociferous critic of what he calls conciliatory policies towards Turkey, Oskanian spoke at the conference, but his remarks have not yet been made available. END NOTE.) After the conference, the

influential Dashnak-aligned Armenian National Committee of America (ANCA) issued a press release denouncing pressure on Armenia by the OSCE's Minsk Group Co-Chairs to make unilateral concessions in the negotiations. ANCA also called for "NKR" authorities to be involved in negotiations.

DASHNAKS CALL FOR FM'S RESIGNATION

¶4. (SBU) After the conference, Dashnak representative Levon Mkrtchian, a former Armenian Minister of Education, told reporters the party was seeking resignations over the government's handling of Armenia's foreign policy, including that of Foreign Minister Edward Nalbandian. Giro Manoyan, representative of the worldwide Dashnak Bureau, clarified that the party would not call for President Sargsian's resignation as other opposition parties have, citing concern that the opposition Armenian National Congress (ANC) if it took power would implement an even more conciliatory policy. The opposition Heritage party on July 15 joined recriminations of Yerevan's handling of the process by demanding Sargsian's resignation and snap elections if Sargsian could not ensure Karabakhi independence and the inclusion of the "NKR" as a full negotiating party.

N-K AUTHORITIES ASSERTING THEMSELVES

¶5. (SBU) "NKR President" Bako Sahakian spoke about Karabakhi independence at the forum, saying it was not subject to negotiation and warning that no rapprochement with Turkey should be achieved at the expense of Armenian concessions on N-K. Organized on the eve of the Moscow summit to put maximum

YEREVAN 00000505 002.2 OF 002

pressure on Sargsian, the conference is the latest manifestation of increasing demands by "NKR" authorities to be given a seat at the negotiating table separate from that of Yerevan. Sahakian told EU Special Representative to the South Caucasus Peter Semneby in their July 3 meeting in Yerevan that resolution of the conflict is impossible without direct participation of the people of Nagorno-Karabakh.

OPPOSITION'S CONSPIRACY THEORY

¶6. (C) At a lunch on July 13, senior ANC advisor David Shahnazarian told the DCM that President Sargsian had likely blessed -- if not orchestrated -- the Dashnak conference to enhance his negotiating position prior to his negotiations with Azerbaijani President Ilham Aliyev in Moscow on July 17. According to Shahnazarian, Sargsian will point to the conference as evidence of mounting political pressure that affords him little negotiating flexibility, or he will use it as political cover not to agree to the Basic Principles. Conspiracy theories of this kind have been circulating since the Dashnaks bolted the governing coalition in April, in response to Sargsian's signing of a framework agreement to normalize relations with Turkey (reftel).

COMMENT

¶7. (C) With the timing of the conference on the weekend before Presidents Sargsian and Aliyev are to meet in Moscow for the latest round of Minsk Group negotiations, Armenian nationalists are clearly sending a strong signal to Sargsian to defend their interests at the negotiating table. Long-held fears by "NKR" authorities that Yerevan will act only on its own interests -- such as making concessions on "NKR" sovereignty in exchange for an open border with Turkey -- have abruptly re-emerged in recent weeks as international

hopes of a breakthrough mount. We think it unlikely that this nationalist pressure has been orchestrated by Sargsian. If so, he is playing a high-stakes game, as orchestrating expressions of nationalistic fervor is easier than containing them. The N-K conflict and efforts toward a resolution has already led to the ouster of one Armenian president -- Levon Ter-Petrossian in 1998. LTP was removed from power in 1998 for appearing to be too conciliatory on the N-K issue.

YOVANOVITCH